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DEPT FOR S, E, EAP/MLS and EB/CIP RICH O'BRIEN  
DEPT PASS TO USTR DAVID BISBEE AND JONATHAN MCHALE

E.O. 12958: N/A

TAGS: [ECON](#) [ETRD](#) [WTRO](#) [VM](#)

SUBJECT: TRADE MINISTRY QUESTIONS PNTR DEAL ON TEXTILES

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¶1. (SBU) Summary: Vietnamese Minister of Trade Truong Dinh Tuyen convoked the Charge to seek information on an "arrangement" concluded between USTR and Senators Dole and Graham on Vietnamese textile imports to the United States. The "deal," as reportedly described to him by U.S. textile importers, would create a "WTO-inconsistent, discriminatory regime," which would be unacceptable to Vietnam. Vietnam would rather not accede to the WTO than to accept the new mechanism as described, Minister Tuyen claimed. He asked for accurate information from the USG on an urgent basis. End Summary.

¶2. (SBU) Minister of Trade Truong Dinh Tuyen summoned the Charge late on the afternoon of September 29 to express concern and seek information about "unofficial reports" from U.S. textile importers of a deal that USTR has reportedly reached with Senators Dole and Graham in order to convince them to lift their holds and allow a vote on PNTR for Vietnam. The MOT has been told that USTR has agreed to apply a "special mechanism" to deal with imports of textiles from Vietnam. This would require the close observation of U.S. imports of textiles from Vietnam and would require the notification of export prices of textiles from Vietnam in comparison to those of third countries. It would also involve a unilateral application of anti-dumping measures "without hearing the opinions or views of importers."

¶3. (SBU) In the Minister's view, if these reports are true, the United States would be setting up a WTO-inconsistent discriminatory regime against Vietnamese textile products exported to the United States. With this mechanism, U.S. importers will be denied predictability of supply, creating uncertainty, disrupting plans, and materially diminishing the benefits of WTO accession for Vietnam.

¶4. (SBU) Vietnam could not accept such the imposition of a mechanism, Minister Tuyen asserted. He claimed that Vietnam would rather not accede to the WTO than to accept this mechanism. Vietnam's "short-term incentive" to join the WTO has been the removal of textile quotas. Why should Vietnam provide deep concessions to the United States while being denied these benefits, he asked rhetorically. Tuyen underscored how much Vietnam has done already in order to join the WTO and to open its market.

¶4. (SBU) Minister Tuyen complained that he had not heard from USTR directly about the deal. The Minister asked the charge to convey his concern and request for information to USTR immediately.

¶5. (SBU) The Charge responded that he would convey the Minister's message without delay. He cautioned the Minister to await information from the USG before jumping to conclusions based on informal comments.

¶6. (SBU) The Minister reiterated that his understanding of the "deal reached with the Senate" is limited to the comments of U.S. importers. He welcomes official information from "his good friends at USTR."

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